

11890 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

and Surgery, items in our stocks, including drugs. For depot items, we now have 315 other Government agency customers, including 66 military users.

Federal Property Management Regulation Subchapter E, No. 101-26.606, provides, "Federal Civil Agencies may obtain items of supply which have been procured and managed by the inventory control points (ICP) of the Army, Navy and Air Force and are available in the United States, provided that a Federal Stock Number has been assigned to the items." We have been working to implement this. Activity between the military and the VA (the sole central drug buyer for civilian agencies) continues at an accelerated rate while the studies recommended by the GAO are underway to arrive at an optimum solution. We have encouraged our field activities to use the military sources for items not available from our central stocks. In lieu of making local purchases, we have instructed our hospitals to refer to the Defense Personnel Support Center catalogs as a primary source for items required. In a Marketing Letter dated October 6, 1972, to all its VA and other Government agency customers, the Manager of the VA Marketing Center referring to items locally procured stated, "Where it is more economical to order these items from DPSC, you are encouraged to do so."

The second GAO recommendation to the Administrator of Veterans Affairs states that "The Administrator, Veterans Administration, should develop specifications for (1) all new drugs which VA decides to manage centrally, and (2) centrally managed for which it currently has no specifications."

VA does develop specifications for all new drugs which it decides to manage centrally, except for those which cannot be procured competitively because